

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED AUGUST 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY			
Pass-Through Nebraska State Patrol:			
High Intensity Drug Trafficking Area	07	I4PMWP634	\$ 57,180
High Intensity Drug Trafficking Area	07	I5PMWP634F	825 \$ 58,005
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through State Department Of Health And Human Services:			
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2002	\$ 373
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2004	54,391
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2005	397,467 452,231
Summer Food Service Program for Children	10.559	6/04-8/04	6,978
Summer Food Service Program for Children	10.559	6/05-8/05	41,991 48,969
Nutrition Program for the Elderly (Commodities)	10.570		139,341
Total U.S. Department Of Agriculture			\$ 640,541
U.S. DEPARTMENT OF COMMERCE			
Pass-Through University of Nebraska - Lincoln:			
Technology Opportunities Program	11.552	31-60-103013	\$ 39,000
Technology Opportunities Program	11.552	25-0116-0020-003	17,434 \$ 56,434
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 60,776
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	41,920 102,696
Community Development Block Grant	14.218	B-04 MC-31-0001	3,344,827
Emergency Shelter Grant Program	14.231	S-04 MC-310002	79,836
HOME Investment Partnerships Program	14.239	M-04 MC-31-0202	1,565,623
Community Development Block Grants/Economic Development Initiative	14.246	B-99-SP-NE-1085	42,034
Fair Housing Assistance Program - State and Local	14.401	FF207K007017	58,812
Pass-Through State Department Of Health And Human Services:			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2004	6,123
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2005	2,242 8,365
Total U.S. Department Of Housing And Urban Development			\$ 5,202,193
U.S. DEPARTMENT OF INTERIOR			
Pass-Through State Historical Society:			
Historical Preservation Fund Grants-in-Aid	15.904	04/05	\$ 10,468
Historical Preservation Fund Grants-in-Aid	15.904	05/06	13,130 \$ 23,598
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0905	\$ 9,769
Public Safety Partnership and Community Policing Grant (Cops Ahead)	16.710	95-CC-WX-0426	28,710
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)	16.710	2001ULWX0017	352,072
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)	16.710	2004ULWX0018	25,064
Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)	16.710	2004INWX0014	1,887 407,733
Pass-Through Lancaster County:			
Violence Against Women Formula Grants	16.588	02-VW-719 (03)	27,951
Violence Against Women Formula Grants	16.588	02-VW-719 (05)	6,517 34,468
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)	16.590	2004-WE-AZ-0049	33,690
Pass-Through Nebraska State Patrol:			
Missing Children's Assistance (Internet Crimes Against Children)	16.543	04-IC-03	12,429
Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)	16.710	03-ME-03	20,000
Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)	16.710	04-ML-03	3,243 23,243

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Pass-Through State Comm. On Law Enforcement And Criminal Justice:				
Crime Victim Assistance	16.575	04/VA-215/04-VS-900	\$ 127,867	
Crime Victim Assistance	16.575	03-VS-900/03-VA-239	9,599	137,466
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579	03-DA-305	53,697	
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579	04-DA-306	228,728	282,425
Community Prosecution and Project Safe Neighborhoods	16.609	04SN-8902	32,057	
Community Prosecution and Project Safe Neighborhoods	16.609	04SN-8915	25,937	57,994
Total U.S. Department Of Justice			\$ 999,217	
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Health And Human Services:				
Senior Community Service Employment Program	17.235	NGA 2005-012	\$ 39,453	
Senior Community Service Employment Program	17.235	NGA 2006-045	3,357	42,810
Pass-Through State Department Of Labor:				
WIA Cluster:				
Workforce Investment Act (Adult)	17.258	2004	88,850	
Workforce Investment Act Incentive/Capacity	17.258	2004	85,255	
Workforce Investment Act (Youth)	17.259	2004	153,107	
Workforce Investment Act (Dislocated Worker)	17.260	2004	402,443	
Workforce Investment Act (Adult)	17.258	2005	6,586	
Workforce Investment Act Incentive/Capacity	17.258	2005	1,025	
Workforce Investment Act (Youth)	17.259	2005	16,163	
Workforce Investment Act (Dislocated Worker)	17.260	2005	29,817	783,246
Total U.S. Department Of Labor			\$ 826,056	
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-0062	\$ 22,065	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X052	22,481	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X056	12,889	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X058	25,886	
Federal Transit: Formula Grants (Sec. 9 Operating)	20.507	NE-90-X058	1,400,000	
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-X058	20,268	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X060	19,140	
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-X060	14,496	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X062	74,543	
Federal Transit: Formula Grants (Transit Planning)	20.507	RPT-C990(024)	53,117	1,664,885
Pass-Through State Department Of Roads:				
Highway Planning And Construction Cluster:				
Highway Planning and Construction (West Adams Bridge Repair)	20.205	* BR-5248(4)	2,518	
Highway Planning and Construction (Harris Overpass)	20.205	* BR-5266(1)	528,271	
Highway Planning and Construction (Salt Creek Bridge Replacement)	20.205	* BR-STPC-5220(2)	48,810	
Highway Planning and Construction (Planning)	20.205	* HPR-PL1(42)	352,710	
Highway Planning and Construction (Planning)	20.205	* HPR-PL1(43)	47,995	
Highway Planning and Construction (Regional Architecture)	20.205	* ITS03-ITSN(106)	150,000	
Highway Planning and Construction (City/State Overlay)	20.205	* RD-6-6(1040)	279,757	
Highway Planning and Construction (84th Street - Kathy Lane to Old Cheney)	20.205	* STPAA-5249(5)	2,175,583	
Highway Planning and Construction (40th and Sheridan Roundabout)	20.205	* STPP-5214(3)	86,922	
Highway Planning and Construction (14th Street and Hwy 2 Safety)	20.205	* STPP-5221(2)	1,437	
Highway Planning and Construction (9th-10th Street and Van Dorn)	20.205	* STPP-5236(1)	933	
Highway Planning and Construction (JAVA)	20.205	*	12,536,990	16,211,926
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(205)	24,630	
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(206)	3,773	28,403
Pass-Through State Department Of Highway And Safety:				
State and Community Highway Safety (CODES)	20.600	411-04-03	12,770	
State and Community Highway Safety (CODES)	20.600	411-05-03	34,935	47,705
Total U.S. Department Of Transportation			\$ 17,952,919	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	0/5010/0157	\$ 47,500	

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
State Library Program (Library Services and Technology Act)	45.310	04.11	\$ 10,483	
State Library Program (Library Services and Technology Act)	45.310	05.14	6,020	
State Library Program (Net Lender Contract)	45.310		<u>6,519</u>	\$ 23,022
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Program:				
Air Pollution Control Program Support (Communities in Motion Program)	66.001	A-98742601-0	\$	15,394
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	2005	10,359	
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	2004	<u>561</u>	10,920
Surveys, Studies, Investigations and Special Purpose Grants (Salt Creek Relief Sewer)	66.606	XP98723601		650,300
Pass-Through State Department Of Environmental Quality:				
Air Pollution Control Program Support	66.001	M-007056(04)	17,339	
Air Pollution Control Program Support	66.001	M-007056(05)	<u>125,974</u>	143,313
Nonpoint Source Implementation Grants (Safe Water Tomorrow-South)	66.460	C9007403-00-0	42,907	
Nonpoint Source Implementation Grants (Test Your Well Statewide Project)	66.460	56-358	12,031	
Nonpoint Source Implementation Grants (Holmes Lake Excavation)	66.460		<u>780,474</u>	835,412
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(04)	3,154	
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(05)	<u>17,106</u>	20,260
Total U.S. Environmental Protection Agency				\$ 1,675,599
U.S. DEPARTMENT OF EDUCATION				
Pass-Through State Library Commission:				
Urban Library System Resource Sharing	84.034	94/95		\$ 384
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/01	\$ 5,456	
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/02	<u>36,470</u>	41,926
Pass-Through State Department Of Health And Human Services:				
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2005-066		5,000
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2005-098	20,158	
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2006-042	<u>797</u>	20,955
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2005-095	365,538	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2006-039	14,845	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2005-096	407,178	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2005-097	116,725	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2006-040	8,651	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2006-041	<u>3,774</u>	916,711
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2005-099	206,958	
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2006-043	<u>12,530</u>	219,488
Maternal and Child Health Federal Consolidated Programs (Childcare Training)	93.110	2005		2,500
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2004	13,288	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2005	<u>7,740</u>	21,028
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2004	7,862	
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2005	<u>13,146</u>	21,008
Immunization Grants (Hepatitis B)	93.268	2004	6,904	
Immunization Grants (Hepatitis B)	93.268	2005	8,905	
Immunization Grants (NE Immunization Action Plan)	93.268	2004	32,632	
Immunization Grants (NE Immunization Action Plan)	93.268	2005	<u>32,218</u>	80,659

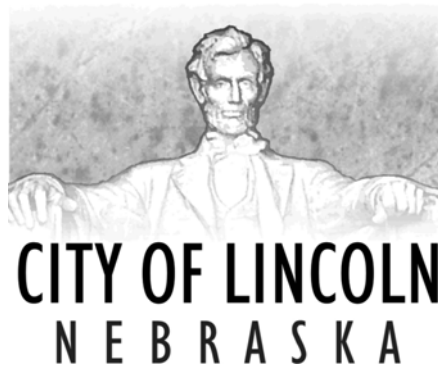
(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA		Federal Expenditures	
	Number	Grant Number		
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2005	\$ 63,445	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2006	4,050	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2004	25,152	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2005	1,822	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Bioterrorism Video Conferencing)	93.283	U90/CCU716975	16	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tools for Schools)	93.283	3100002	4,749	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2004	260	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2005	568,714	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2006	34,359	702,567
Refugee and Entrant Assistance Program (Health Screening)	93.566	3120090		4,951
Social Services Block Grant (SSBG)	93.667			12,995
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2004	4,500	
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2005	157,813	
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2006	9,213	171,526
HIV Prevention Activities Health Dept Based (CDC/Women Lead the Way)	93.940	EO67911	2,084	
HIV Prevention Activities Health Dept Based (HIV Testing CTR/PCRS)	93.940	1813-04	38,959	
HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS)	93.940	U62/CCU702039	3,265	
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	4120209	12,311	56,619
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Testing)	93.943	U62/CCU723301	34,372	
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training)	93.943	U62/CCU723501	5,657	40,029
Assistance Programs for Chronic Disease Prevention and Control (Healthy Lifestyles Support)	93.945	U57/CCU7191-66	19,979	
Assistance Programs for Chronic Disease Prevention and Control (WorkWell Stroke Education)	93.945	U50/CCU721341-01	3,000	
Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps)	93.945	EO66865	1,000	
Assistance Programs for Chronic Disease Prevention and Control (CDC Walk to School)	93.945	EO65029	3,000	26,979
Preventive Health and Health Services Block Grant (Physical Activity and Nutrition)	93.991	3110003	4,497	
Preventive Health and Health Services Block Grant (Heart Disease and Stroke)	93.991	3110004	3,955	
Preventive Health and Health Services Block Grant (Target Cancer)	93.991	2004	5,000	
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2004-PHHSBG-10-CMPT	3,514	
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2005-PHHSBG-10-CMPT	19,617	
Preventive Health and Health Services Block Grant (Epidemiology 2001)	93.991	2005-PHHSBG-11-CMPT	13,763	50,346
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-04-50A	3,953	
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-05-50A	34,611	38,564
Total U.S. Department Of Health And Human Services			\$	2,433,851
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Retired and Senior Volunteer Program	94.002	02SRNNE 070 (03/04)	\$ 3,546	
Retired and Senior Volunteer Program	94.002	04SRNNE 004 (04/05)	64,987	68,533
Foster Grandparent / Senior Companion Cluster:				
Foster Grandparent Program	94.011	02SFNNE 068 (04/05)	102,030	
Foster Grandparent Program	94.011	05SFNNE 004 (05/06)	42,735	
Senior Companion Program	94.016	04SCNNE 002 (04/05)	128,372	
Senior Companion Program	94.016	04SCNNE 002 (05/06)	13,155	286,292
Volunteers In Service To America (Youth Achievement)	94.013	2003-DVSA-61321-A21-4101	33,098	
Volunteers In Service To America (Youth Achievement)	94.013	2004-DVSA-61321-A21-4101	95,780	128,878
Pass-Through Nebraska Volunteer Commission:				
AmeriCorps (Urban Revitalization Project)	94.006	ASFNE0281201(03)	6,125	
AmeriCorps (Urban Revitalization Project)	94.006	03AFHNE0010002	36,250	42,375
Total Corporation For National And Community Service			\$	526,078
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2003-CA-0262	\$ 235,761	
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2004-CA-0325	700,040	
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2005-CA-0257	52,736	988,537
Assistance to Firefighters Grant	97.044	EMW-2003-FG-06293	447,733	
Assistance to Firefighters Grant	97.044	EMW-2003-FP-00453	111,307	559,040
Metropolitan Medical Response System	97.071	EMW-2004-GR-0807		81,313
Total Department Of Homeland Security			\$	1,628,890
Total Federal Expenditures			\$	32,094,287

See Accompanying Notes



CITY OF LINCOLN, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2005

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

(2) REPORTING ENTITY

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2005, basic financial statements for LES are audited figures as of and for the year ended December 31, 2004.

(3) PASS-THROUGH AWARDS

The City of Lincoln receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule.

(4) MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

(5) SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
Pass-Through to County Aging Programs:		
10.570	Nutrition Program for the Elderly	\$ 60,756
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	34,270
93.045	Title III, Part C: Nutrition Services	123,745
93.052	Title III, Part E: National Family Caregiver Support	18,786
Pass-Through to Joint Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 12,536,990

(6) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances:

<u>CFDA#</u>	<u>Program</u>	<u>Outstanding Balance</u> <u>as of August 31, 2005</u>
14.218	Community Development Block Grant	\$ 12,800,066
14.239	HOME Investment Partnership Program	11,532,813

New loans included in the Schedule totaled \$934,129 and \$987,535, respectively.



**Independent Accountants' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit
of the Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Mayor
and Members of the City Council
City of Lincoln, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2005, which collectively comprise its basic financial statements and have issued our report thereon dated December 30, 2005, which contained a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated December 30, 2005.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKQ, LLP

December 30, 2005



Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

The Honorable Mayor
and Members of the City Council
City of Lincoln, Nebraska

Compliance

We have audited the compliance of the City of Lincoln, Nebraska (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Lincoln, Nebraska based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2005.

Internal Control Over Compliance

The management of the City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 30, 2005

City of Lincoln, Nebraska

Schedule of Findings and Questioned Costs

Year Ended August 31, 2005

Summary of Auditor's Results

1. The opinions expressed in the independent accountants' report were:
☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed
2. The independent accountants' report on internal control over financial reporting described:
 Reportable conditions noted considered a material weakness? ☐ Yes ☒ No
 Reportable conditions noted that are not considered to be a material weakness? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No
4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Reportable conditions noted considered a material weakness? ☐ Yes ☒ No
 Reportable conditions noted that are not considered to be a material weakness? ☐ Yes ☒ No
5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:
☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed
6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No
7. The Organization's major programs were:

Cluster/Program	CFDA Number
National Urban Search and Rescue Response System	97.025
Highway Planning and Construction	20.205

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$962,829.
9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☒ Yes ☐ No

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2005

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
---------------------	---------	---------------------

No findings required to be reported by *Government Auditing Standards*

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
---------------------	---------	---------------------

No findings required to be reported by OMB Circular A-133

City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2005

Reference Number	Summary of Finding	Status
---------------------	--------------------	--------

No findings are required to be reported.